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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Ms. Donna R. Searcy
Secretary
Federal Communications Commission
Room 222
1919 M Street, N.W.
Washington, D.C. 20554

Re: Amendment of the Part 69
Allocation of General Support
Facility Costs

CC Docket No. 92-222

Dear Ms. Searcy:

Enclosed herewith for filing with the Commission are the original and five copies of the National Exchange Carrier Association, Inc.'s Comments in the above-captioned matter.

Please acknowledge receipt hereof by affixing a notation on the duplicate copy of this letter furnished herewith for such purposes and remitting same to bearer.

Very truly yours,

Richard A. Askoff

RAA/bas
Enclosures

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DEC - 4 1992

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)
)
Amendment of the Part 69 Allocation) CC Docket No. 92-222
of General Support Facility Costs)

COMMENTS

The National Exchange Carrier Association, Inc. (NECA) submits these comments in support of the Commission's Notice of Proposed Rulemaking (NPRM), FCC 92-440, released October 19, 1992, in the above-captioned proceeding.

The instant NPRM was incorporated into a Report and Order in CC Docket No. 91-141, a proceeding in which the Commission prescribed rules and policies governing expanded interconnection of local exchange carrier (EC) facilities for the provision of interstate special access services by competitive access providers, interexchange carriers and end users.¹ In this proceeding, the Commission concluded that "all market participants should contribute to regulatorily mandated support flows reflected in the LECs' rates for services subject to competition."² Rather than mandate a contribution charge, however, the Commission found, based on the present record, that "the only significant non-cost-based support flow imposed by [its] regulations affecting special access

¹ Expanded Interconnection with Local Telephone Company Facilities, CC Docket No. 91-141, FCC 92-440, Report and Order and Notice of Proposed Rulemaking, (released October 19, 1992) (R&O/NPRM).

² R&O/NPRM, ¶ 143.

is the over-allocation of General Support Facilities (GSF) cost to special access."³

Accordingly, the Commission proposes to revise its Part 69 rules to eliminate this over-allocation.⁴ Section 69.307 would be modified by deleting the words "excluding Category 1.3."⁵

NECA strongly supports the Commission's proposed rule change. GSF costs that relate to common line have been allocated to special access since 1988 when the new accounting and separations rules in Parts 32 and 36 and Part 69 conformance became effective.⁶ Whatever benefits there may have been at the time for excluding these costs from the allocator (presumably lower carrier common line rates), these have been outweighed by the disadvantages of allocating common line costs to traffic sensitive rate elements, which are already high for small companies.⁷ Inclusion of Category 1.3 costs, which generally relate to non-traffic sensitive

³ R&O/NPRM, ¶ 147.

⁴ R&O/NPRM, ¶ 267.

⁵ R&O/NPRM, ¶ 269.

⁶ See Revision of the Uniform System of Accounts and Financial Reporting Requirements for Class A and Class B Telephone Companies (Parts 31, 33, 42 and 45 of the FCC's Rules), CC Docket No. 78-196, Report and Order, FCC 86-221 (released May 15, 1986); MTS and WATS Market Structure; Amendments of Part 67 (New Part 36) of the Commission's Rules and Establishment of a Federal-State Joint Board, CC Docket Nos. 78-72, 80-286 and 86-297, Report and Order, 2 FCC Rcd 2639 (1987). Concerns over the effects of these new rules led NECA to file a petition for waiver of Section 69.307 on May 9, 1989, seeking permission for NECA T/S Pool participants to include Category 1.3 C&WF investment in the apportionment of GSF.

⁷ GSF cost misallocations to traffic sensitive switched access elements will also be corrected by the Commission's proposed rule change.

subscriber loop costs, in the allocation will more accurately apportion costs across access categories, resulting in rates that are more cost-based.

Exclusion of Category 1.3 costs from the allocation base has substantially increased the traffic sensitive revenue requirements of small ECs.⁸ NECA continues to be concerned about the rising and disproportionate rate levels that must be charged by the Traffic Sensitive Pool and other small ECs to recover these inflated revenue requirements. By eliminating the overallocation of GSF costs to traffic sensitive, the Commission will help to alleviate this upward rate pressure.

When the proposed section 69.307 amendment is adopted, the Commission should provide affected carriers an opportunity to file revised access rates reflecting GSF cost reallocations. For example, in order to develop revised rates in time for the April 1993 annual filing, carriers should have notice of the change no

⁸ The effects of this over-allocation to traffic sensitive is documented in comments to be filed on this date by the United States Telephone Association (USTA). The USTA data includes information provided by NECA on behalf of its pool participants.

later than February 15, 1993. If, on the other hand, the proposed rule becomes effective coincident with the November 1993 effective date of the interim transport rate structure prescribed in CC Docket No. 91-213,⁹ the Order should specify that ECs transport filings should contain new access rates based on the revised rule.

Respectfully submitted,

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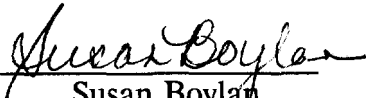
Its Attorney

December 4, 1992

⁹ See Transport Rate Structure and Pricing, Report and Order and Further Notice of Proposed Rulemaking, FCC 92-442 (released Oct. 16, 1992) at ¶ 6.

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing Replies were served this 4th day of December, 1992, by mailing copies thereof by United States Mail, first class postage prepaid, to the persons listed.

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